

What is insurance fraud?

Insurance fraud is a crime — a class six felony that can mean 10 years in jail and a maximum fine of \$150,000.

Person(s) who commits either of the following "with the intent to injure, defraud, or deceive an insurance company," is guilty of a felony. The most common types of insurance fraud include claim fraud, premium fraud and vender (or provider) fraud. Incomplete or inaccurate information on a claim form or application does not necessarily represent insurance fraud. For insurance fraud to exist, four key elements need to be present:

1. **INTENT TO DEFRAUD:** The person(s) must intentionally and deliberately deceive the insurer(s).
2. **KNOWLEDGE:** The person(s) must have knowledge that what they are doing is wrong, or is a false statement of fact.
3. **MISREPRESENTATION:** The person(s) creates or assists in making a false impression that leads the insurer to pay a claim.
4. **RELIANCE:** The insurer would not have paid the claim but for the misrepresentation.

Does insurance fraud affect me?

Insurance fraud is perceived as a victimless crime; however the estimated losses to this crime are more than \$100 **Billion** every year. Ten percent (10%) of all claims (property & casualty, health, life, workers' compensation) are assessed as fraudulent. Although there are no comprehensive figures indicated dollar losses in Arizona are being quantified, 10% of all health care and property & casualty claims no doubt comes to a staggering total.

According to the Insurance Research Council, 30% of all bodily injury Arizona appear to be fraudulent or contain injury exaggeration. In Phoenix, that figures goes up to 36%. The losses to fraudulent auto insurance claims in Arizona cost the policyholders an average of \$167 to \$200 in higher annual premiums.

The higher premiums affect not only individual policyholders, but also commercial businesses that will in turn increase their costs to their customers. All of which means more money out of the consumers' pockets.